

AMENDED IN ASSEMBLY MAY 10, 2001

AMENDED IN ASSEMBLY APRIL 24, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

## ASSEMBLY BILL

**No. 218**

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**Introduced by Assembly Member Dutra**

**(Coauthors: Assembly Members Bates, Calderon, Chan, Diaz, Havice, Negrete McLeod, Robert Pacheco, Rod Pacheco, Salinas, Simitian, Steinberg, and Washington)**

**(Coauthors: Senators Alarcon, Costa, Figueroa, McPherson, and Murray)**

February 9, 2001

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An act to amend ~~Section 218~~ *Sections 218 and 275* of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

### LEGISLATIVE COUNSEL'S DIGEST

AB 218, as amended, Dutra. Taxation: homeowners' property tax exemption: homebuyer's assistance.

Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' exemption in the amount of \$7,000 of the full value of a "dwelling," as defined. The California Constitution authorizes the Legislature to increase the amount of the exemption. *Existing property tax law reduces the amount of this exemption to the lesser of \$5,600 or 80% of the full value of the dwelling, if a claimant for the exemption does not claim the exemption before a specified date.*

This bill would, pursuant to the Legislature's authority under the California Constitution, increase the amount of this exemption by ~~\$43,000~~ \$18,000 for each of the first 5 property tax lien dates following the purchase of a "dwelling" by a qualified first-time homebuyer, as defined. *This bill also would, for qualified first-time homebuyers who do not claim the exemption before a specified date, allow an exemption of the lesser of \$20,000 or 80% of the full value of the dwelling.* By requiring local tax officials to implement new exemption amounts and new exemption criteria, and by creating a new crime of perjury with respect to those criteria, this bill would impose a state-mandated local program.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act.

This bill would also require the State Board of Equalization, the Controller, and the California Research Bureau to report to the Legislature, as provided, with respect to the increased homeowners' exemption established by this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide, with respect to certain provisions of this bill, that no reimbursement is required for a specified reason. This bill would also provide that, if the Commission on State Mandates determines that other provisions of the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to current statutory provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



*The people of the State of California do enact as follows:*

SECTION 1. Section 218 of the Revenue and Taxation Code is amended to read:

218. (a) (1) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article XIII of the California Constitution. That exemption is, except as otherwise provided in paragraph (2), in the amount of seven thousand dollars (\$7,000) of the full value of the dwelling.

(2) If the assessee for a dwelling is a qualified first-time homebuyer, the exemption amount specified in paragraph (1) is increased by an additional ~~forty-three thousand dollars (\$43,000)~~ *eighteen thousand dollars (\$18,000)* of the full value of that dwelling for each of the first five property tax lien dates following the purchase of the dwelling by that qualified first-time homebuyer. For purposes of this paragraph, "qualified first-time homebuyer" means a taxpayer who purchases, or taxpayers who purchase, a dwelling after January 1, 2002, and before December 31, 2007, who, at the time of ~~his or her~~ *the* purchase of the dwelling, met both of the following requirements:

(A) The taxpayer had an annual income not in excess of 150 percent of the median income of the county in which the dwelling is located, or in the case where more than one taxpayer owns the home, the taxpayers' annual combined income did not exceed 150 percent of the median ~~household~~ income of the county in which the dwelling is located. A taxpayer, or taxpayers, shall comply with this subparagraph by providing the county assessor with a copy of the taxpayer's *most current* personal income tax return that shows an annual income level in compliance with this subparagraph. *For purposes of this subparagraph, "the median income of the county" is the four-person median income limit for the county, as identified by the Department of Housing and Community Development pursuant to Sections 50079.5 and 50105 of the Health and Safety Code, that was most recently published on the date the dwelling was purchased.*

(B) During the three years prior to the purchase of the dwelling for which an exemption under this paragraph is sought, the taxpayer, or taxpayers, at no time had a present ownership interest in residential real property. The taxpayer or taxpayers shall comply

1 with this subparagraph by providing to the assessor a written  
2 statement, under penalty of perjury, that verifies compliance.

3 (b) The exemption does not extend to property that is rented,  
4 vacant, under construction on the lien date, or that is a vacation or  
5 secondary home of the owner or owners, nor does it apply to  
6 property on which an owner receives the veteran's exemption.  
7 "Owner" includes a person purchasing the dwelling under a  
8 contract of sale or who holds shares or membership in a  
9 cooperative housing corporation, the holding of which is a  
10 requisite to the exclusive right of occupancy of a dwelling.  
11 "Dwelling" means a building, structure or other shelter  
12 constituting a place of abode, whether real property or personal  
13 property, and any land on which it may be situated. As used in this  
14 section, "dwelling" includes:

15 (1) A single-family dwelling occupied by an owner thereof as  
16 his or her principal place of residence on the lien date.

17 (2) A multiple-dwelling unit occupied by an owner thereof on  
18 the lien date as his or her principal place of residence.

19 (3) A condominium occupied by an owner thereof as his or her  
20 principal place of residence on the lien date.

21 (4) Premises occupied by the owner of shares or a membership  
22 interest in a cooperative housing corporation, as defined in  
23 subdivision (i) of Section 61, as his or her principal place of  
24 residence on the lien date. Each exemption allowed pursuant to this  
25 subdivision shall be deducted from the total assessed valuation of  
26 the cooperative housing corporation. The exemption shall be taken  
27 into account in apportioning property taxes among owners of share  
28 or membership interests in the cooperative housing corporations  
29 so as to benefit those owners who qualify for the exemption.

30 For purposes of this section, a two-dwelling unit shall be  
31 considered as two separate single-family dwellings.

32 (c) Any dwelling that qualified for an exemption under this  
33 section prior to October 20, 1991, that was damaged or destroyed  
34 by fire in a disaster, as declared by the Governor, occurring on or  
35 after October 20, 1991, and before November 1, 1991, and that has  
36 not changed ownership since October 20, 1991, is not disqualified  
37 as a "dwelling" and is not ineligible for an exemption under this  
38 section solely on the basis that the dwelling was temporarily  
39 damaged or destroyed or was being reconstructed by the owner.

(d) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the California Constitution shall first be applied to the building, structure or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 2. *Section 275 of the Revenue and Taxation Code is amended to read:*

275. (a) If a claimant for the homeowners' property tax exemption fails to file the required affidavit with the assessor by 5 p.m. on February 15 of the calendar year in which the fiscal year begins, but files that affidavit on or before the following December 10, an exemption of the lesser of five thousand six hundred dollars (\$5,600) or 80 percent of the full value of the dwelling shall be granted by the assessor, *unless the claimant is a qualified first-time homebuyer as defined in Section 218. If a claimant described in the preceding sentence is a qualified first-time homebuyer as defined in Section 218, the exemption granted by the assessor pursuant to this section shall instead be the lesser of twenty thousand dollars (\$20,000) or 80 percent of the full value of the dwelling.*

(b) On claims filed pursuant to subdivision (a) after November 15, this partial homeowners' exemption may be applied to the second installment, and if applied to the second installment, the first installment will still become delinquent on December 10 and the delinquent penalty provided for in this division will attach if the tax amount due is not paid.

If this partial homeowners' exemption is applied to the second installment and if both installments are paid on or before December 10 or if the reduction in taxes from this partial exemption exceeds the amount of taxes due on the second installment, a refund shall be made to the taxpayer upon a claim submitted by the taxpayer to the auditor.

SEC. 3. It is the intent of the Legislature to provide in the annual Budget Act those additional reimbursements to local governments that, as a result of this act, are required by Section 25 of Article XIII of the California Constitution.

~~SEC. 3.—~~

SEC. 4. (a) For each fiscal year for which an increased homeowners' exemption may be claimed under paragraph (2) of subdivision (a) of Section 218 of the Revenue and Taxation Code, as added by this act, or any successor to that paragraph, the State Board of Equalization shall provide to the revenue and taxation

1 committees and fiscal committees of each house of the Legislature  
2 the number of exemptions claimed for that fiscal year under  
3 paragraph (2) of subdivision (a) of Section 218 of the Revenue and  
4 Taxation Code, as added by this act, or any successor to that  
5 paragraph. The Controller shall provide to the revenue and  
6 taxation committees and fiscal committees of each house of the  
7 Legislature the additional amount of subventions made for that  
8 fiscal year under Section 25 of Article XIII of the California  
9 Constitution as a result of the exemptions described in the  
10 preceding sentence.

11 (b) The California Research Bureau shall, no later than June 30,  
12 2003, provide to the revenue and taxation committees and fiscal  
13 committees of each house of the Legislature a report describing the  
14 effects of the additional homeowners' exemption amount  
15 established by this act upon state fiscal affairs and the degree of  
16 home ownership in this state.

17 ~~SEC. 4.—~~

18 *SEC. 5.* No reimbursement is required by this act pursuant to  
19 Section 6 of Article XIII B of the California Constitution for  
20 certain costs that may be incurred by a local agency or school  
21 district because in that regard this act creates a new crime or  
22 infraction, eliminates a crime or infraction, or changes the penalty  
23 for a crime or infraction, within the meaning of Section 17556 of  
24 the Government Code, or changes the definition of a crime within  
25 the meaning of Section 6 of Article XIII B of the California  
26 Constitution.

27 However, notwithstanding Section 17610 of the Government  
28 Code, if the Commission on State Mandates determines that this  
29 act contains other costs mandated by the state, reimbursement to  
30 local agencies and school districts for those costs shall be made  
31 pursuant to Part 7 (commencing with Section 17500) of Division  
32 4 of Title 2 of the Government Code. If the statewide cost of the  
33 claim for reimbursement does not exceed one million dollars  
34 (\$1,000,000), reimbursement shall be made from the State  
35 Mandates Claims Fund.

36 ~~SEC. 5.—~~



1     *SEC. 6.* This act provides for a tax levy within the meaning  
2 of Article IV of the Constitution and shall go into immediate  
3 effect.

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